

SOP727

Corporate Labor and Human Rights Procedure

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1. PURPOSE/ SCOPE

1.1 Purpose

This procedure sets the framework for deploying ST's labor and human rights practices throughout STMicroelectronics NV and its affiliated companies (together 'ST' or the 'Company').

1.2 Scope

It covers labor and human rights in ST operations and supply chain.

2. ORGANIZATIONAL UNITS AFFECTED

This procedure is applicable to all ST entities, employees and workers¹⁶, including temporary¹⁴, migrant⁹, student¹³, dispatch, outsourced, contract and any other type of worker.

In addition, all ST entities must ensure that their management of suppliers and subcontractors includes the labor and human rights elements detailed in this procedure.

3. POLICY STATEMENT

Each ST organization, each ST employee and each on-site worker is required, without exception, in their personal behavior, and in the manner they conduct business, to:

- Respect and promote the principles described in ST's Code of Conduct
- Comply with all applicable national and local laws
- Respect and promote labor and human rights described in this procedure, which are based on accepted international laws and practices such as the United Nations Global Compact, the Responsible Business Alliance (RBA) standards and the International Labor Organization (ILO) conventions

In addition, all ST employees must ensure they respect labor and human rights in all business relationships, including dealings with suppliers, subcontractors and customers.

4. GENERAL PRINCIPLES

The following principles are covered by this procedure:

- Freely chosen employment
- Prevention of underage labor and protection of young workers
- Organization of working time
- Fair wages and benefits
- Fair treatment and anti-harassment
- Non-discrimination
- Freedom of association
- Working conditions and employee well-being
- Privacy of personal information

A [Glossary](#) explaining the terms used is provided at the end of the document.

References

- [ST Code of Conduct](#)
- ST Human Resource Policy (P 71)
- ST Social Responsibility Policy (P 72)
- ST Privacy Policy (P163)
- ST Supply Chain Responsibility procedure (SOP 7211)
- ST Reporting of Misconduct procedure (SOP 1521)
- ST Customer Requirements Review, Approval and Implementation (SOP 274)
- ST Customer Audit/visit (SOP 278)
- ST Corporate Policies and Operating Procedures (P 21)
- United Nations Declaration on Human Rights (1948)
- Core conventions of the International Labor Organization (ILO)
- United Nations Global Compact (1999)
- Responsible Business Alliance's code of conduct

5. **PRACTICE**

5.1 Principles

5.1.1 Freely chosen employment

Forced labor shall not be used, including bonded and trafficked labor. Working for ST is voluntary and employees are free to leave ST upon their contractual or statutory notice period.

As part of the hiring process, workers¹⁶ must be provided with a written employment agreement that contains a description of terms and conditions of employment in a language they can understand. For migrant workers⁹ the written agreement must be in the native language¹⁰ and be provided prior to the worker departing from his or her country of origin. There shall be no substitution or change(s) in the employment agreement between departure and arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms.

A probationary period must be set in accordance with national and local laws, and in the absence of local law must not exceed 3 months. In the case of operators, the probationary period must never exceed 3 months.

Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment, unless the law requires the holding of work permits. ST and any labor agencies used to recruit employees must not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits.

ST is responsible for payment of all fees⁴ and expenses for migrant workers associated with joining the Company that would have the effect of bonding the worker. All fees should be paid directly by ST to labor agencies⁶. If a case is discovered where the employee has paid fees, the employee must be reimbursed either directly in full or as repayment installments within a maximum of 30 days. The fees must be recorded in employee personal files. ST must communicate these standards to local labor agencies⁶, including in contractual requirements, and verify their compliance at least on a yearly basis.

ST is responsible for the payment of all repatriation fees for migrant workers upon completion of the contract, including when the notice period is not respected, or on termination of the contract

due to illness, incapacity or violation of workers' rights. This requirement does not apply if the migrant worker resigns to work for another company in the country. If the contract was terminated for misconduct, and a deduction of repatriation fees is authorized by law, the deduction must not exceed the legal limit or be greater than 1 month's net wage, whichever is stricter.

No deposit or charge for specific material or equipment provided for the job duty (such as protective equipment, uniforms, etc.) shall be required to any employee.

If ST accords personal financial loans to employees for exceptional expenses such as medical costs or the purchase of a car, the interest rate must not exceed national set interest rate and the monthly repayments must not exceed 10% of the employee's monthly wage¹⁵.

It is forbidden to request any employee to repay training fees directly related to internal training conducted on ST premises, on departure from the Company.

In the context of their duties and working hours, workers shall not be unreasonably restricted in their movement within Company facilities, including residences provided by ST, except for safety, security or confidentiality reasons.

5.1.2 Prevention of underage labor and protection of young workers

ST does not employ people under the age of 16 years. In addition, young workers between the ages of 16 and 18, shall not work in potentially hazardous areas, or work overtime or nightshift. ST must not conclude business agreements with suppliers or subcontractors employing anyone under the age of 16.

If an underage worker (below 16 years old) is discovered working on a site, either as a direct employee or a subcontracted worker, the contract must be terminated immediately. In addition, the site must take action to remediate any negative consequence of the underage work or contract termination, such as providing social, material or educational assistance.

ST must ensure proper management of students¹³ (interns, apprentices, student workers¹³ or any other student status) through rigorous due diligence of educational partners, protection of students' rights in accordance with applicable law and regulations (including working hours restrictions) and proper maintenance of student records. ST shall provide appropriate support and training to all students, and student missions shall not conflict with educational needs. In the absence of local law, the wage rate for student workers, interns and apprentices must be evaluated according to the work performed compared to other entry-level workers performing equal or similar tasks.

The use of legitimate workplace apprenticeship learning programs, which comply with all laws and regulations, is supported.

5.1.3 Organization of working time

Working hours are limited to a maximum of 60 hours per week including overtime, except in emergency or extraordinary situations³. A working week is not to exceed the maximum set by local law.

Workers¹⁶ must have at least one day off every seven days, which is 24 consecutive hours off in the same calendar day after six consecutive days of work.

Overtime is on a voluntary basis or in the case of emergency or extraordinary situations³, upon management request when volunteers are not sufficient to cover the business need. In any case,

overtime shall be in compliance with local legislation and collective bargaining agreements, including daily and monthly overtime limits.

Breaks must comply with local laws. In the absence of local laws, sites must conduct an ergonomic assessment to define suitable break periods.

5.1.4 Fair wages and benefits

ST seeks to offer a competitive compensation and benefits package based on industry survey results in the regions where we operate. At a minimum, ST complies with all applicable wage laws and collective bargaining agreements, including minimum wages, holidays, vacation, personal leave, and legally mandated benefits.

All time worked must be paid. Workers¹⁶ must be paid in a timely manner and in accordance with local laws including in the case of resignation. All workers¹⁶ must receive an itemized pay slip for every pay period, showing the basis on which they are paid.

Operators and non-exempt employees are compensated for overtime and work on public holidays at pay rates of at least 125 percent of regular hourly rates.

When a contract is terminated, all wages due up until the last day of work must be fully paid.

Wage¹⁵ deductions are permitted for the following situations.

- **Mandatory taxes and social charges**, in line with the applicable laws and regulations.
- **Deductions for services** provided, such as the canteen, dormitory facilities or loan repayments (see section [5.1.1](#)) under the condition that the service is optional.
- **Late arrival or work suspension** due to disciplinary measures; the wage deduction must be proportional to the reduction of working time.
- **Termination with a notice period not respected** – the wage deduction is proportional to the reduction of working time. For operators and technicians working in manufacturing functions, no further deductions can be made, unless mandatory by law. For all other employee categories, if authorized by the law, a financial penalty can be applied in line with the employment contract. The sum can be deducted directly from the wages, up to a maximum of 60% of the monthly wage.

All wage deductions must be clearly itemized on the wage slip. Further deductions from wages are not permitted.

5.1.5 Fair treatment and anti-harassment

All workers¹⁶ must be treated fairly. In line with ST's Code of Conduct, ST does not tolerate any mistreatment of a worker by another worker, employee and/or manager, which may include verbal, psychological, sexual or physical bullying and harassment, or any behavior which disrupts or interferes with another's work performance or that creates an intimidating, offensive or hostile work environment.

5.1.6 Non-discrimination

In accordance with ST's Code of Conduct, we maintain a culture free of discrimination and harassment, where individuals are treated with respect and dignity, regardless of their race, color, ethnic background or national origin, age, gender, physical characteristics, disability, political

opinion or affiliation, religion, gender identity and expression, sexual orientation, marital or maternity status or union affiliation, or any other non-job-related personal characteristic.

ST is committed to attracting, developing and retaining its workforce respecting diversity and providing equal opportunities to all employees based on their behavior, skill and abilities. Decisions concerning recruitment and selection, job assignment, remuneration, rewards, opportunity for training and development, and transfer or promotion must be based on a fair assessment of an individual's qualifications, skills and ability, as well as past and current performance.

Job applicants must not be subjected to pre-employment medical tests (including pregnancy tests) except if required by applicable laws. Workers¹⁶ must not be subjected to medical tests (including pregnancy tests) or physical exams that could be used in a discriminatory way. Medical test results must be kept confidential, accessible only by medical staff, and be maintained by third party medical services.

If a significant number of religious followers request to accommodate religious practices in the work place, and if permitted by local law and culture, the site may put reasonable measures in place to allow workers to meet their religious obligations. Requests may be refused for safety or security concerns, or impact on: business operations, operating costs or other stakeholders. In the case where the request cannot be met, the site will provide a documented answer in a timely manner.

5.1.7 Freedom of association

Workers¹⁶ are free to choose whether or not to organize and join lawful associations including trade unions. ST does not, restrict or interfere with workers' efforts to join a lawful association of their choice, and this includes any behavior that involves threatening, interrogating, spying on, penalizing or discriminating workers. In addition, ST does not interfere with or finance (directly, indirectly or through in-kind gifts or benefits) any employee representative, organization or trade union.

ST respects the right of all workers to associate freely, to form and join trade unions of their own choice, to bargain collectively and to engage in peaceful assembly, in accordance with ILO Conventions. Workers and their representatives shall be able to communicate openly with each other and with management regarding working conditions without fear of reprisal, intimidation, discrimination or harassment.

5.1.8 Working conditions and employee well-being

ST is committed to providing a safe and healthy work environment conducive to worker¹⁶ well-being by meeting international standards for health and safety management systems on top of local and international legal requirements. ST encourages proactive attentive and safe behavior in the workplace and encourages worker suggestions to eliminate the potential causes of accidents or injury.

Health and safety related information must be clearly posted in the facility and workers must be provided with an appropriate workplace health and safety training in a language they can understand.

ST provides a safe and clean environment for employees who live in residences provided by the Company, as described in our corporate procedure: *Processes and standards for workers dormitory*.

5.1.9 Privacy

ST is committed to safeguarding the privacy of the personal data we gather concerning prospective, current, former employees, as well as temporary workers, contract workers, independent contractors, and consultants. It is ST's policy to comply with the privacy legislation within each jurisdiction in which ST operates. The management of personal data is described in the ST Privacy Policy, P163.

5.2 Reporting violations and non-retaliation

ST promotes a 'speak up' culture, allowing everyone to express, in good faith and without fear of retaliation, any concern they might have of a potential violation of ST's Code of Conduct, applicable laws, the Company's policies or values.

All workers¹⁶ and employees (including new hires as soon as they join ST) must be made aware of the Company's reporting channels and hotline which are available to them. No one who speaks up in good faith shall suffer any acts of retaliation such as intimidation, harassment, adverse employment or career consequences.

The management of concerns brought to the attention of the Company is described in *SOP 1521 Reporting of Misconduct*.

5.3 Management System

A management system is defined at corporate level and deployed on all ST sites to mitigate risks and ensure compliance with applicable laws and regulations and ST's Code of Conduct.

When required to comply with more stringent local regulations, as applicable, ST sites also have the obligation to define and maintain associated local procedures and to communicate them to their workers and other affected employees, in line with Policy P 21 Corporate Policies and Operating Procedures. They must also have a process in place to ensure conformity to this procedure.

5.3.1 Roles and responsibilities

Site Management is accountable for local compliance with this procedure and the Human Resources Director is responsible for supporting its deployment.

5.3.2 Risk management

Major ST sites⁸ must conduct regular risk assessments to identify the labor and human rights risks associated with local operations and supply chain. The risk assessment must include psychological risks such as stress and burnout. Identified risks must be assessed according to their likelihood and impact, and the appropriate corrective actions and controls put in place.

5.3.3 Self-assessment

Major ST sites⁸ are also required to annually complete a specific self-assessment questionnaire (SAQ¹²) based on the RBA's standards. The site's Sustainability Champion is responsible for managing the self-assessment and completing the SAQ.

Each site has an obligation to analyze its annual SAQ score, identify weaknesses and propose and implement actions for improvement.

5.3.4 Audit program

All manufacturing sites are also required to conduct specific third-party RBA audits to monitor and control their level of social performance. The site's Sustainability Champion is responsible for coordinating the third-party RBA audits and the resulting Corrective Action Plan (CAP). Each

corrective action must be agreed and committed by management with a timeline and auditable outcome.

Any customer request to conduct a second-party audit on an ST site, must be submitted to the Corporate Social Responsibility group, in line with *SOP 278 Customer Audit/visit*, prior to any site agreement. ST's position is to share our RBA third-party audit results rather than accept a customer audit request.

5.3.5 Customer requirements

Customer requirements shall be analyzed and managed in accordance with *SOP 274 Customer Requirements Review and Approval*.

Sites have no obligation to comply directly with customer specifications or requirements which have not been formally accepted by ST as per SOP 274.

5.3.6 Supply chain management

ST entities must ensure that their management of suppliers and subcontractors also includes the labor and human rights elements detailed in this procedure through appropriate local deployment(s). The management of suppliers is described, amongst others, in *SOP 7211 Supply Chain Responsibility*.

5.3.7 Training and communication

All Major sites⁸ have the obligation to provide an annual refresher on ST's Code of Conduct to all employees, in line with guidelines provided by the Corporate Compliance & Ethics department. Local training can be based on the Company's Code of Conduct e-learning or other learning aids developed and made available by the Corporate Compliance & Ethics group.

All manufacturing sites have the additional obligation to train managers and employees on the labor and human rights subjects covered by this procedure and communicate clearly with workers in their native language⁹.

Communication with customers on the subject of labor and human rights must involve the appropriate Sales contact and corporate function, such as Corporate Social Responsibility, Compliance and Ethics, Legal or Internal Audit.

5.3.8 Performance

Sites set their objectives in accordance with the Company's policy deployment framework (annual priorities, top page and sustainability strategy) and their performance is monitored through specific KPIs and reporting tools (for example working time and day of rest reports). They also have the obligation to close any corrective actions identified during audits.

5.3.9 Feedback and participation

To foster continuous improvement, each manufacturing site must have an ongoing process to assess employees' understanding of, and obtain feedback on, the practices and conditions covered by this procedure.

APPENDIX: GLOSSARY

1	CAP	Corrective Action Plan – each corrective action must be agreed and committed by management with a timeline and auditable outcome.
2	RBA	Responsible Business Alliance - a nonprofit coalition of electronics companies committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain. RBA members commit and are held accountable to an industry-standard code of conduct and utilize a range of RBA materials and assessment tools to support continuous improvement in the social, environmental and ethical responsibility of their supply chains.
3	Emergency or extraordinary situations	Unpredictable events which cannot be planned or foreseen and they must be documented and recorded. Peak season production, ramp-up or public holidays cannot be considered as emergency or extraordinary situations.
4	Fees	Fees for application, recommendation, recruiting, hiring, placement, medical screening, work or residence permits and administrative, overhead, and processing fees of any kind, that occur at any stage of the recruitment process; during or after employment, and are paid to any parties, including agent, sub-agent, intermediary, or employer. See full definition.
5	Key Corporate suppliers and subcontractors	Suppliers defined and managed by Global Procurement or delegates, who contribute to ST in specific segments as described in the Purchasing key process.
6	Labor agencies	Private Employment Agencies (PEA) or recruitment agents. A PEA is a private service enterprise, carrying out, in exchange of financial compensation, operations on behalf of enterprises, whose role is to facilitate access to employment or career progression by filling employment vacancies. A recruitment agent can be PEA, labor recruiters, labor brokers or any other third parties involved in the recruitment, selection, hiring, transportation and management of workers or migrant workers in their sending or receiving countries.
7	Local on-site suppliers	Local suppliers representing the highest risk in terms of Corporate Social Responsibility and more specifically labor and human rights issues. It includes, but is not limited to, labor agencies, medical services, dormitory services, security services, cleaning services, canteen services and other on-site suppliers that are described in SOP 724. It also includes schools when there is a financial compensation in exchange of an educational program partnership involving student workers.
8	Major site	An ST site with > 700 employees and all manufacturing sites.
9	Migrant worker	A migrant worker can be a foreign migrant worker or an in-country migrant worker. A foreign migrant worker is a worker that migrates from his or her home country for specific purposes of employment. An in-country migrant worker is any worker that travels from one place to another place in the country of residence for specific purposes of employment. It excludes expatriated employees and workers with permanent residency or professional employees on short or long term assignments. Professional employees are defined as those engaged in work that is predominantly intellectual and varied in character as opposed to more routine mental, manual or physical work.
10	Native language	Local native language is the primary language the most represented on the site. In the case of foreign migrant workers, it can be the language of the foreign migrant worker's country of origin or a language that the foreign migrant worker speaks and understands.
11	Night shift	Any work occurring between 22:00 and 06:00 or the established night period defined by the factory.
12	SAQ	Self-Assessment Questionnaire from the Responsible Business Alliance.
13	Student	The main categories of students, regardless of age, are: <ul style="list-style-type: none"> • Intern: A worker in a short-duration, structured program undergoing supervised practical training to explore job options, learn and/or gain skills or competencies not occurring while they are attending school • Apprentice: A worker in a training program that combines vocational education with work-based learning for an intermediate occupational skill (i.e. more than routine job training), and that are subject to externally imposed training standards, particularly for their workplace component. • Student worker: A worker who is enrolled in a program at an educational institution, and employed for a work arrangement to support basic or routine job training (e.g. operator occupational skills) organized by the educational institution.
14	Temporary, dispatched, outsourced workers	A worker placed on-site for work through a Private Employment Agencies (PEA) and/or without a direct labor contract with the supplier or supplier facility. When contract is limited in time, he is a temporary worker.
15	Wage	Worker net wage or salary before tax and without other compensation and benefits.
16	Workers	Anyone who works on an ST site, including direct employees, students, temporary, dispatched, outsourced and migrant workers and on-site contractors.
17	Young worker	A worker between the age of 16 and 18.